21st Century Wealth Planning

A Practice Guide for Insurance Professionals, CFPs® & CPAs

ESTATE PLANNING LAW GROUP

OF BLAZEK & GREGG, PC, LLO

Effective Planning Made Easy™

Revised 8/2018

ESTATE PLANNING LAW GROUP

OF BLAZEK & GREGG, PC, LLO

- Estate Planning
- Nursing Home Planning
- Estate Administration

Throughout Nebraska and Iowa

www.BLAZEKANDGREGG.com
402-496-3432

Revised 8/2018

The Old Model

- The Old Model – Failed Everyone

ESTATE PLANNING LAW GROUP

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Three Feet From Gold

Revised 8/2018

Those That Implement This Process Say:

"Working with Blazek & Gregg has restored my faith and confidence in the life insurance industry, in attorneys, and most importantly in myself. It is great and humbling to be edified and to have my credibility promoted as a professional insurance agent by Jim and Jerrod with the people we are helping to save thousands and, in some cases, millions of dollars in taxes. I thank God for the blessing of Jim & Jerrod in my life.

What it has meant to my business…I am having a good year this month!"

Mike Rinehart

Those That Implement This Process Say:

"As a financial and insurance professional, I refer my clients to Blazek and Gregg. Complete financial planning involves a quality Estate Plan. The firm's knowledge, service, and follow through are exceptional. I have found no better firm to use for both city and farm clients."

Ron Hamilton

Those That Implement This Process Say:

"*As a career agent for 30 years, Estate Planning has been a growing part of my insurance practice. Since I cannot provide my clients with specific tax and legal advice, I have formed professional alliances with those that can address these important issues. Many of my clients have benefited from working with Blazek & Gregg, a law firm entirely dedicated to Estate Planning. It is very enjoyable to work with financial professionals who endorse my recommendations to my clients.*

Paul Schlieker

Those That Implement This Process Say:

"Blazek and Gregg has proven itself to be a valuable resource for me as an insurance and investment advisor. It is enjoyable and profitable to be part of the planning process that demonstrates my clients' need for my services. I trust the attorneys and staff at Blazek and Gregg."

Matt Green

Keys to Selling More Insurance

1. A New Mindset
2. A New Skill Set
3. A New Support Set
4. A New Tool Set

A New Mindset

- Everyone needs Estate Planning
  - Now/later
  - You want your clients to call **YOU**

A New Skill Set

- Working with an estate planning attorney as a teammate
- Communicating with the same vocabulary
- Comprehensive approach

A New Support Set

- Attorney that understands the importance of insurance
- Support staff that understands team
- Leverage the skill/ knowledge of others to reflect on **YOU**

A New Tool Set

- Use Estate Planning Conversations
  - Many insurance sales are found within Estate Planning
    - Conversations disclose goals/concerns
    - Goals determine solutions
    - Solutions often require insurance
    - Learn Estate Planning Conversation

A New Tool Set

- During an insurance or investment review,
- Ask:……

Estate Planning Questions

- Do you have a will or a trust?
- When was it last updated?
- Does it protect your assets if your spouse remarries?
- Does it protect your children if they get a divorce?

Estate Planning Questions

- What happens to your plan if you have a chronic illness?
- Would you like to get a 2nd opinion on your plan?
- Can I schedule an appointment with an Estate Planning attorney for you?

Adding Value
Holistic Estate Planning

- Advisors that Complete the Planning

Add Value – Estate Planning Conversations

Talking Points

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Planning Overview

You → Loved Ones

Transferring Property

ESTATE PLANNING
(Death Transfer)

Will Planning

Revocable Trust Planning

Advanced Planning

NURSING HOME PLANNING
(Lifetime Transfer)

Long Term Care Insurance

Life Insurance

Direct Gifts

Irrevocable Trusts

CHANGING GOALS:

I'm too young to plan ~ Time for a simple plan ~ The simple plan won't protect my family ~ Protect my property from the nursing home

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Greater Market Share

- Deliver Estate Planning
  - Add value
  - Explain value
  - Brand yourself
  - Expand your role in client's life
- Be part of the Estate Planning

Our Process/Brand

Better Planning Made Easy™

- Cutting Edge Strategies
- Free retitling of assets
- Free client phone calls
- Free phone call amendments for clients
- Free client seminars
- Lower cost estate administrations

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Effective Estate Planning

- Develop your process to add value
- Add Estate Planning Conversations
- Work with a planning attorney to add value
- Be part of the conversation

Planning Overview

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Effective Estate Planning

All planning is based on client goals

~

Help clarify goals for clients

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How Families Lose Money

Procrastination
Nursing Home Expenses
Unnecessary Probate Expenses
Unnecessary Income Taxes
Capital Gains Tax
Estate Tax

You

Loved Ones

Not Planning For These Possibilities

Remarriage of Spouse
Divorce of Child
Death of Child
Predatory Creditors
Special Needs Beneficiary

The Wrong Plan Costs · The Right Plan Saves

Transfers at Death

Will

Revocable Living Trust

Revocable Living Trusts

Supporting Documents

- Pour Over Will
- Property Power of Attorney
- Medical Power of Attorney
- Living Will
- Trust Inventory

Single Trust

Revocable

Pat: Alive and Well

Social Security #
Tax Form 1040

Pat's Trust

- Fully Revocable
- Able to Change
- Add or Remove Assets

Single Trust

Pat: Disabled

Pat's Trust

- Disability Instructions for Pat
  (Avoid Court)
- Pat decides who provides care
- Pat decides who's in control

Single Trust

Pat: Deceased

IRS Tax ID #
Tax Form
1041

Pat's
Trust

- Distribution to loved ones at death
  (Avoid Probate)
- Can add protective strategies
  - Divorce Protection
  - Asset Protection

Distribution to Children / Loved Ones

Distribution Options

Less Protection — Greater Protection

Outright	Installment	Discretionary Trust (Lockbox Trust)	Exempt Legacy Trust (Lockbox Trust: not subject to estate tax in child's estate)

Distribution to Children / Loved Ones

Discretionary Trust
(Lockbox Trust)

Trust Share

Trustee:
Beneficiary Upon Stated Age

"Spendthrift Trust"

- Income to beneficiary in Trustee's Discretion
- Principal to beneficiary in Trustee's Discretion
- Beneficiary directed at death – **TO ANYONE**

Distribution to Children / Loved Ones

Exempt Legacy Trust
(Lockbox Trust: Not included in child's estate)

Trustee:
Beneficiary Upon
Stated Age

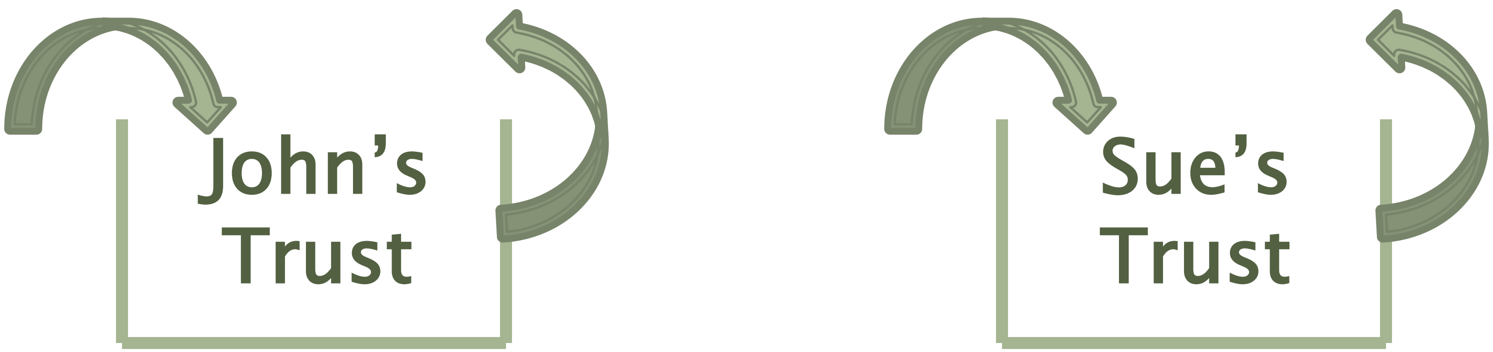
Trust
Share

"Spendthrift Trust"

- Income to beneficiary in Trustee's Discretion
- Principal to beneficiary in Trustee's Discretion
- Beneficiary directed at death – to Your Family **ONLY**

Historical Separate Trusts

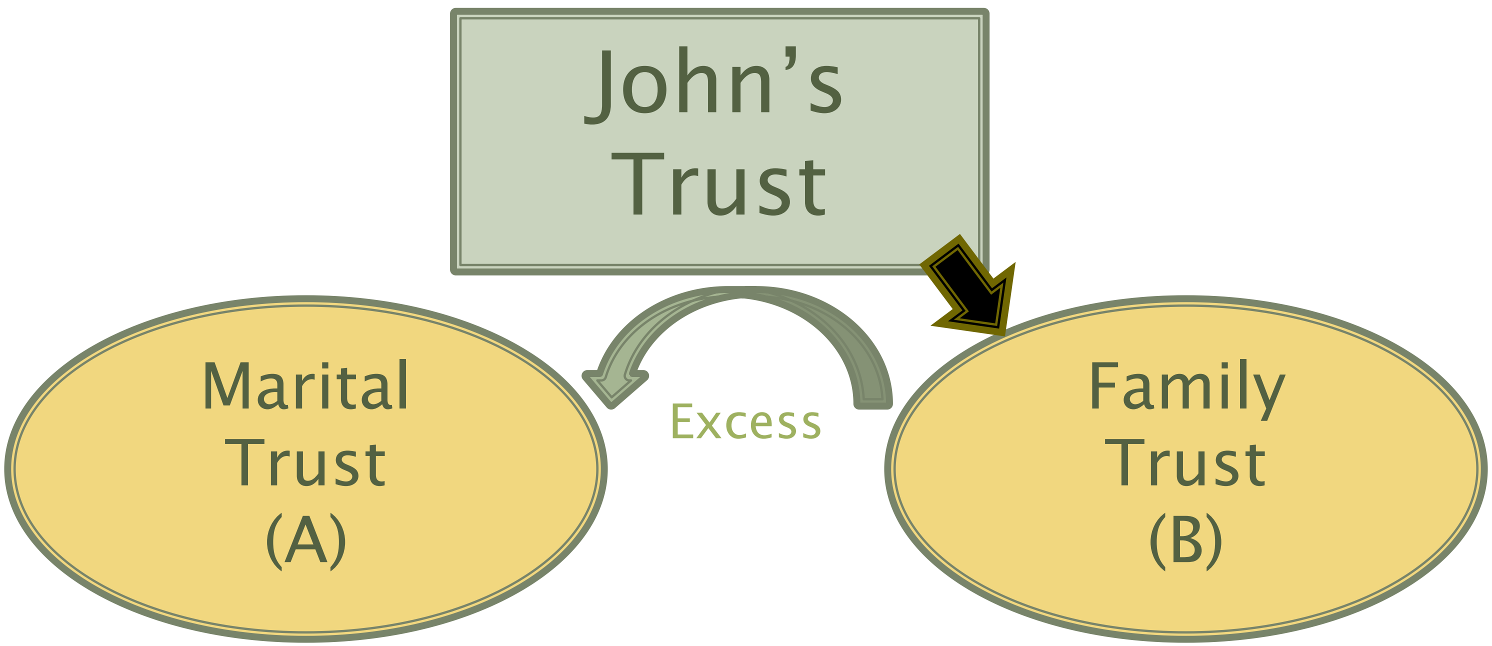
- Revocable Trust strategy for married couples
  - Allows each spouse to use their exemption amount (coupon)
  - Allows for protection of assets



Approx. ½ of Property Approx. ½ of
Property

Historical Separate Trusts

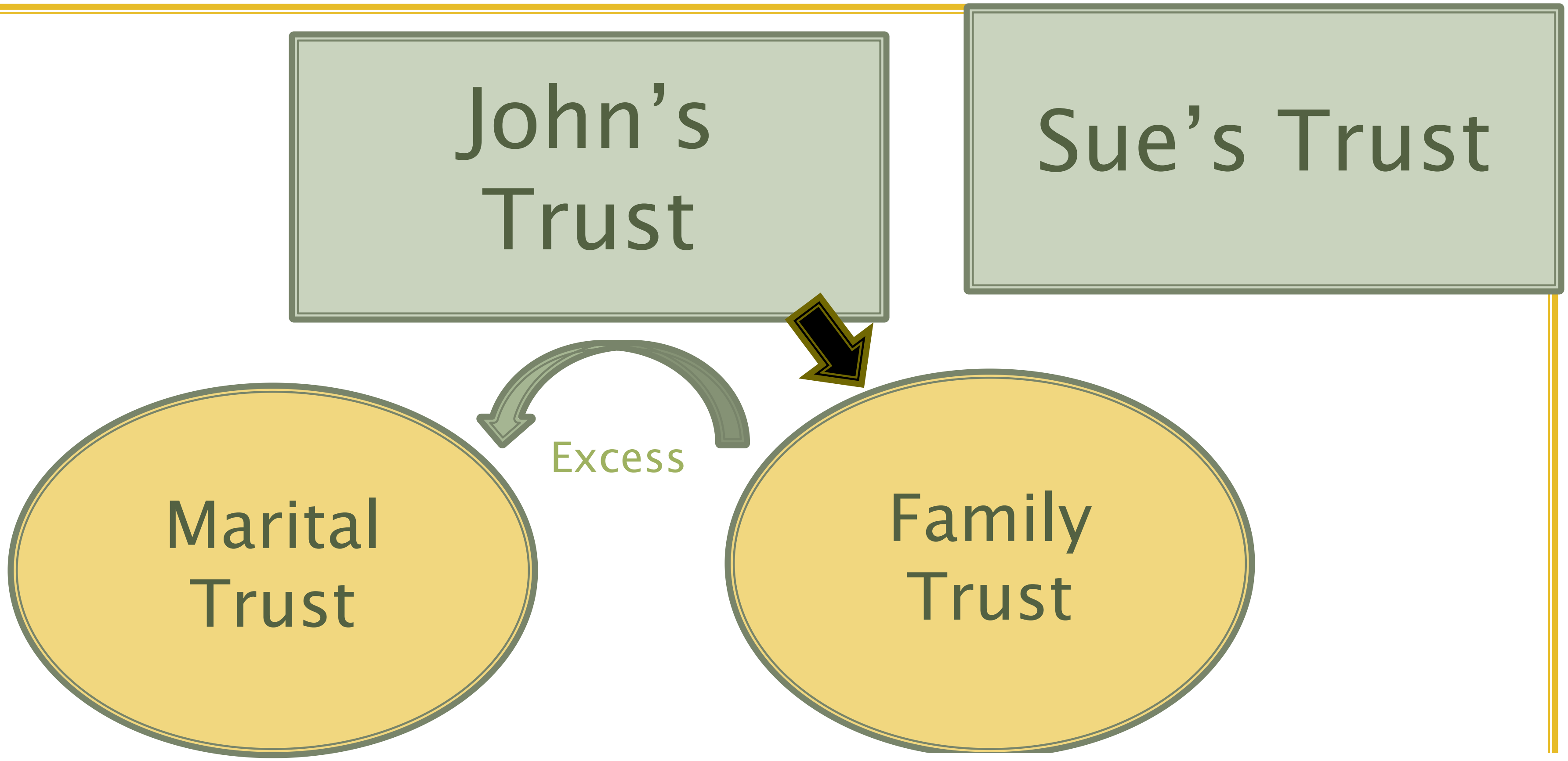
Administration of John’s Trust on his Death



Remainder

Fund With
Maximum Exemption
Amount
Exemption lost if not used

Historical Separate Trusts



No Estate Tax at Sue's Death

No Step Up in Cost Basis

Current Estate Tax Exemption Amount

- $11,180,000 per person
- $22,360,000 per married couple

Old Planning”

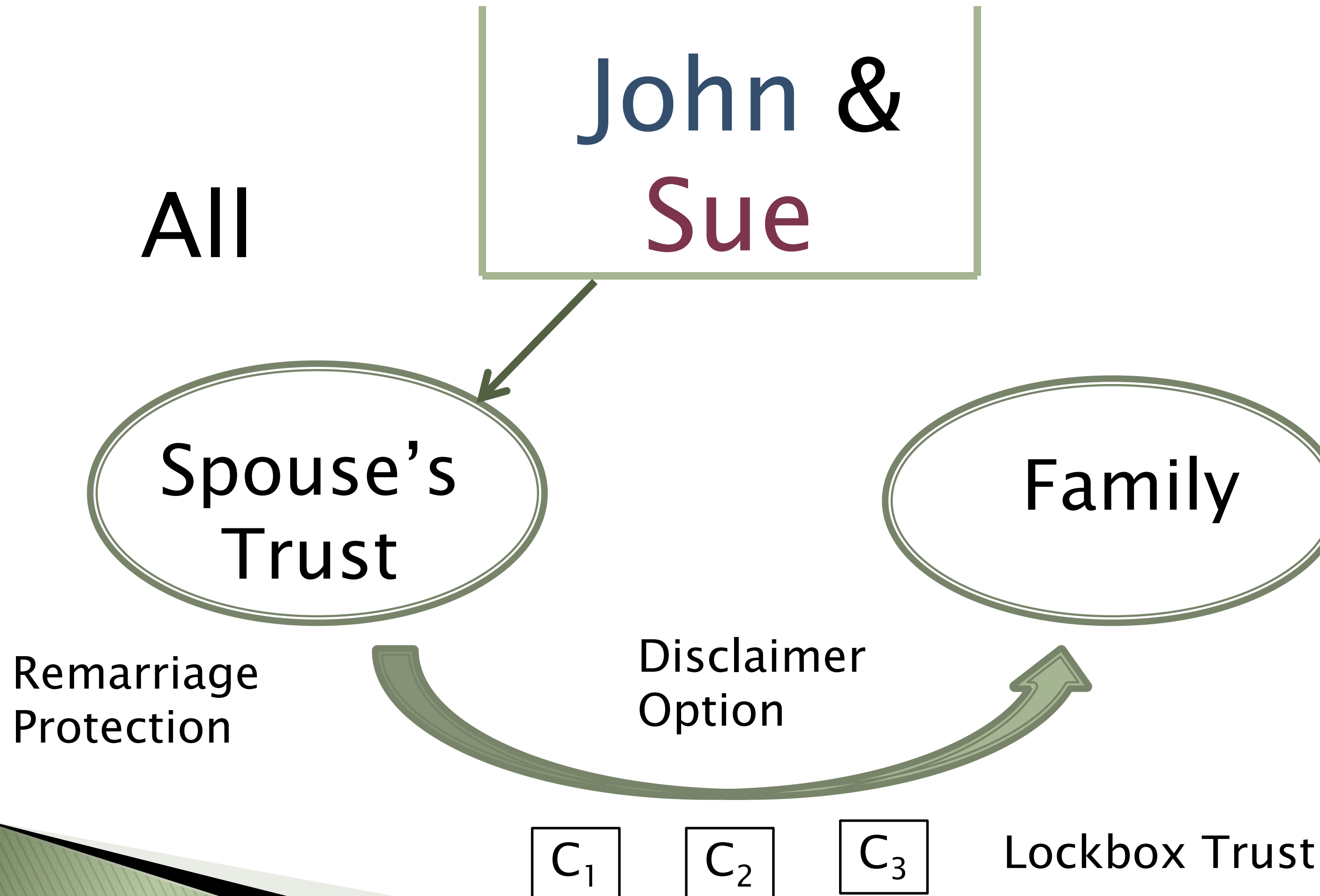
- The Old A – B Trusts Cause Unnecessary Capital Gains Tax

Modern Revocable Trusts for Married Couples

John & Sue

SS#
1040

Modern Revocable Trusts for Married Couples



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Nursing Home Planning

- Revocable Trusts do not Protect Assets from Nursing Home Expenses

Nursing home costs can be devastating

Best Nursing Home Planning:

- Insurance

Medicare

- Federal Program
- Parts A,B,C & D
- Designed to pay for skilled care

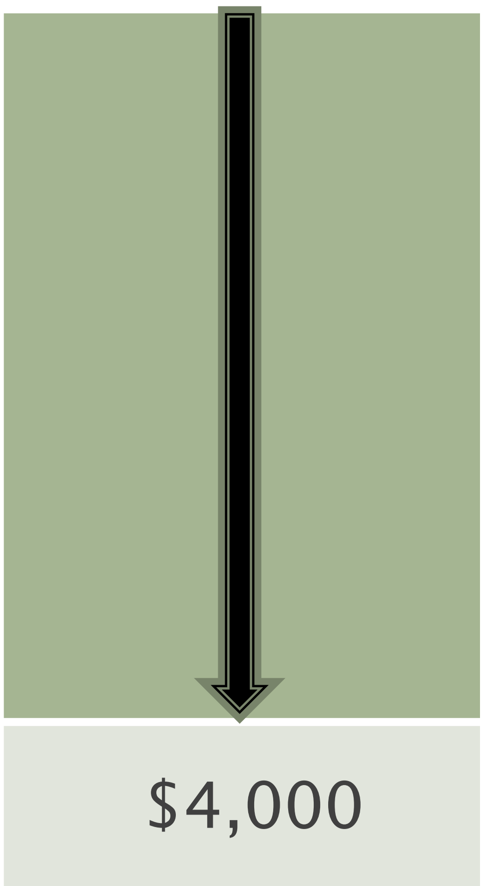
Medicaid

- Federal program administered by the state
- Designed to pay for custodial care
- For qualified individuals
  - Sick
  - Broke

Paying for Nursing Home Care

- Long Term Care insurance
- Life insurance w/Nursing Home benefit
- Self pay

Single Person



Spend

House
Retirement Accounts
Investments
Life Insurance
Bank Accounts
Household Goods
Vehicles

Exempt Assets

- Prepaid burial plan
- Cemetery lot
- Headstone
- Vault
- Medicaid Annuity

Married Medicaid Applicant

Exempt Assets for Spouse at Home

- $123,600 (one-half up to)
- House
- Vehicle
- Household goods
- Prepaid funeral plan, lot, headstone, vault
- Medicaid Annuity

If the spouse at home later goes to Nursing Home

- Treated the same as single individual
- Spend down to $4000

Nursing Home Planning Strategies

- Lifetime Gifts (subject to Medicaid lookback)
- Crisis Planning

Medicaid Lookback Period

- Gifts within 5 years of Medicaid application will result in a penalty equal to the value of the gift

- Starts when in nursing home and spent down to $4000

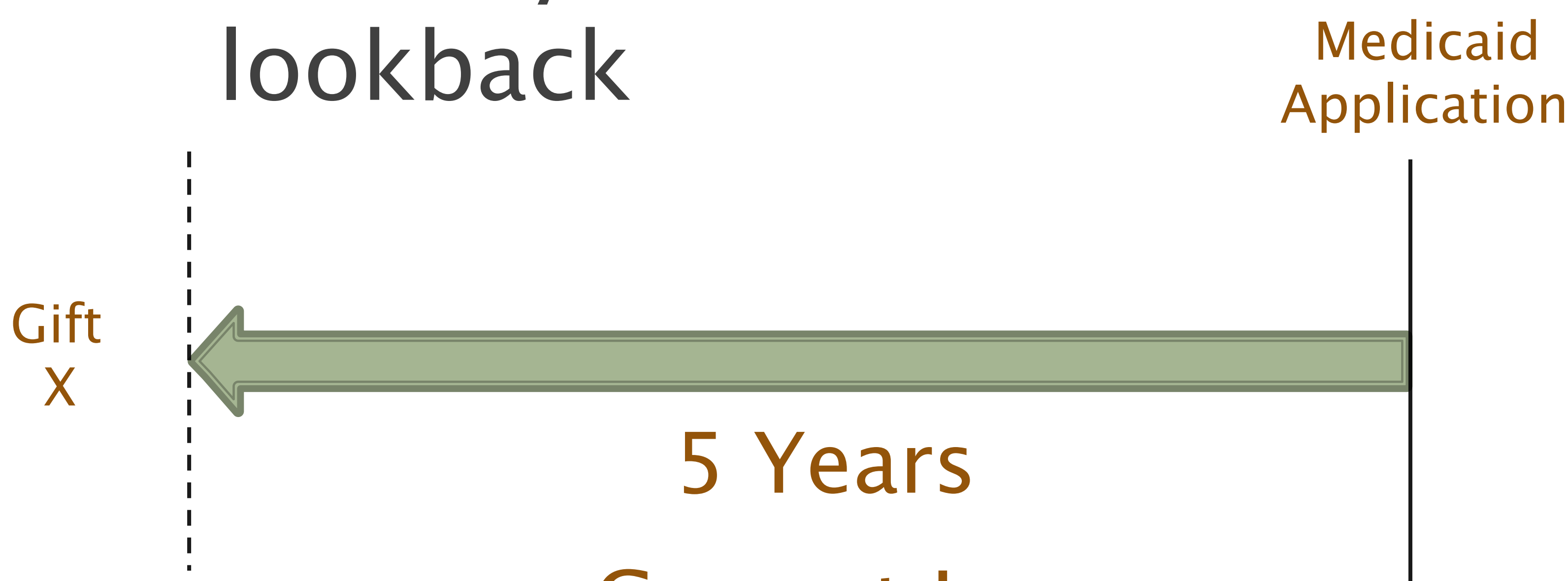
Medicaid Lookback Period

<u>Current Law</u>

Medicaid Lookback Period

Strategy

Gift beyond the lookback



Current Law

Retained Life Estate

Current law:
Life Estate exempt

- Transfer before August 2017: NO Lien
- Transfer after August 2017: Lien

Nursing Home Planning:
Potential Strategies

Self Pay

LTC Insurance

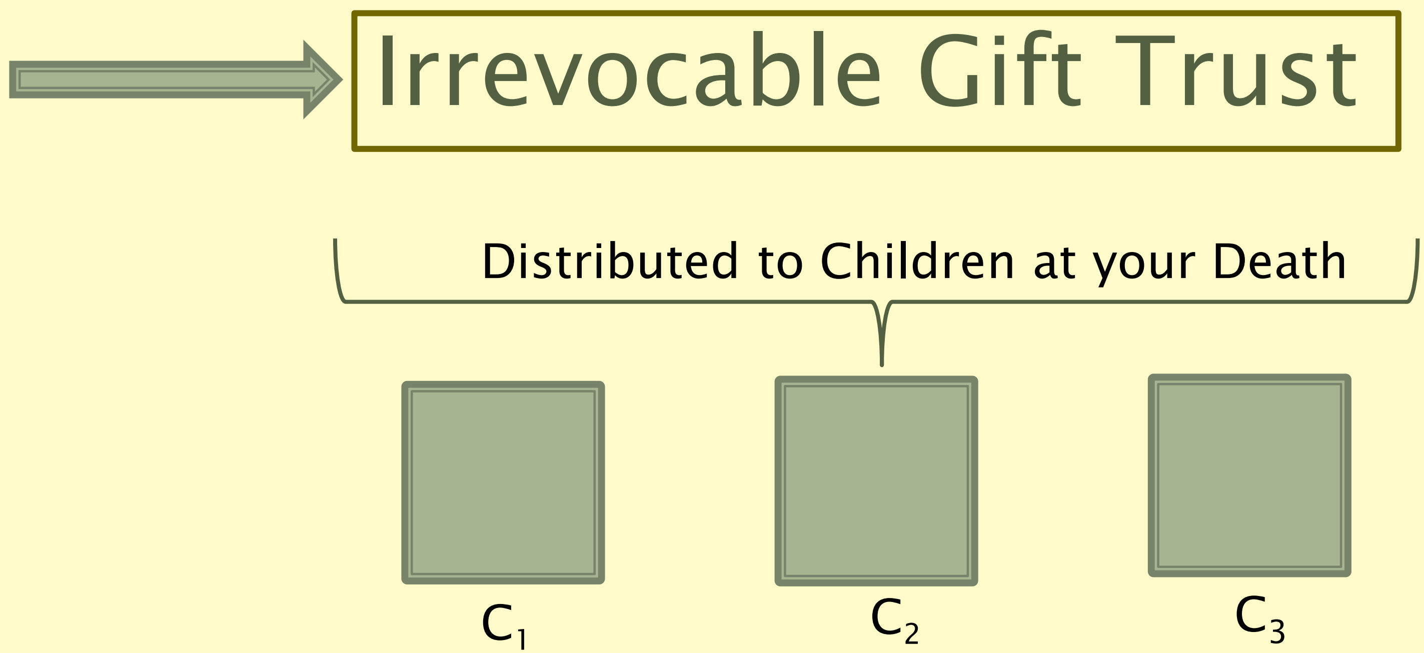
Life Insurance

Chronic Illness Rider

Medicaid Asset Protection Trust

Medicaid Asset Protection Trust (MAPT)

You Transfer Money/Property/Ins



Medicaid Asset Protection Trust (MAPT)

- Crummey Letters?

Medicaid Asset Protection Trust (MAPT)

- Trustees of the MAPT are normally your children

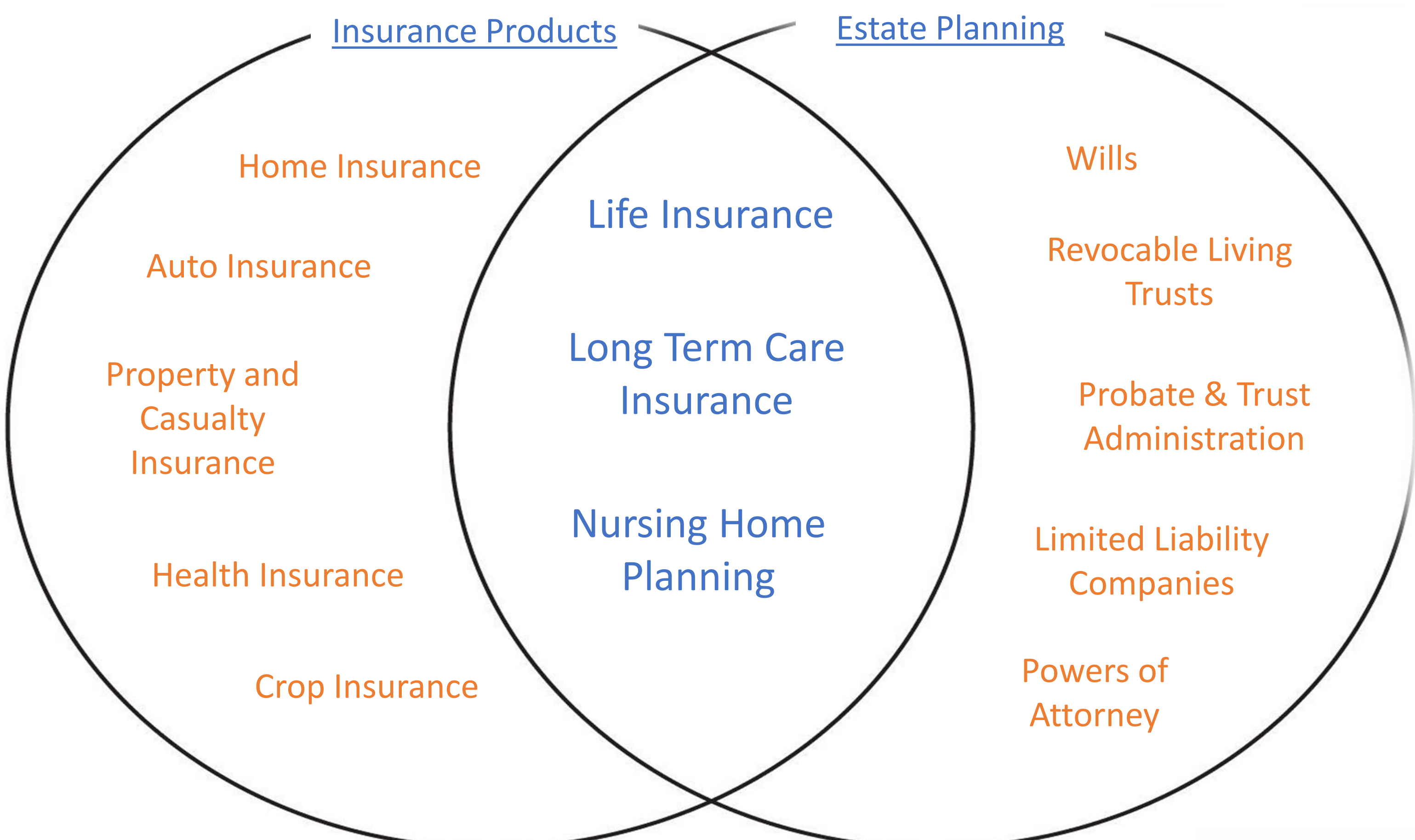
New Life Insurance Policy

Becomes the Inheritance

or

Contains Chronic Illness Rider

The Overlap Between Modern Day Insurance Products and Estate Planning



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A Bigger Future with Estate Planning Conversations

Revised 8/2018

The Power is in the Questions You Ask

The Power is in the Team that Supports You

You Are…

Three Feet From Gold

Revised 8/2018

Burn The Boats

Abandon the Old Model and make Estate Planning Work for YOU

Call our office to schedule a half day or full of appointments

Call your clients

- Ask Questions
- Have Conversations

Estate Planning Law Group of Blazek & Gregg, PC, LLO

Hastings Omaha Sioux City

We will travel to you!

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